

Strengthening Social Security For Those In Need

On Thursday, April 28, 2005, In A Primetime News Conference, The President Laid Out His Vision For Moving Forward With Bipartisan Social Security Reform. The American people understand that Social Security is headed for serious financial trouble and the President believes it is our duty to make Social Security permanently solvent. The President also believes it is our responsibility to improve the system by directing extra help to those most in need and making it a better deal for younger workers.

As Congress Begins Work On Legislation, The President Outlined Three Goals: ensure that future generations receive benefits equal to or greater than today's seniors; protect those who depend on Social Security the most; and replace the empty promises being made to younger workers with real money.

The President Made Clear That Some Things Will Not Change. Seniors and people with disabilities will continue to get their checks, and all Americans born before 1950 will also receive their full benefits.

Background: A Reformed System that Strengthens Social Security For Those In Need

Future Generations Receive Benefits Equal To Or Greater Than Today's Seniors. Under any plan to reform Social Security, future generations should receive benefits equal to or greater than the benefits that seniors receive today.

- **Millions Of Americans Depend On Social Security As A Primary Source Of Income.** As a matter of fairness, the fundamental promise of Social Security must be kept.

Protect Future Generations Who Depend on Social Security The Most: President Bush has made it clear that we must provide extra help to those future seniors who need it most.

- **Benefits Should Grow Faster in the Future For Low-Income Workers Than For Those Who Are Better Off.** Under a reformed system, low-income workers should receive benefits that grow faster than inflation. In order to return the system to solvency, the benefit increases for wealthier seniors should grow no faster than the rate of inflation. This would be accomplished by adopting a sliding-scale benefit formula, similar to the Pozen approach.
- **Eliminate Poverty Among Future Seniors.** Today, roughly two million retirees who paid into Social Security their whole lives are collecting benefits that leave them below the poverty line. The President believes we should make good on a great national commitment: if you work hard and pay into Social Security your entire life, you will not retire into poverty.
- **This Reform Would Solve Approximately 70 Percent Of The Funding Problems Facing Social Security.** A responsible, reasonable and sustainable rate of benefit growth for wealthier seniors will help return the system to fiscal balance and would enable us to help those seniors in the greatest need.

Replace The Empty Promises Being Made to Younger Workers With Real Money. Younger workers should have the option of putting a portion of their payroll taxes into a voluntary personal account which will allow them to build a nest egg that belongs to them. This money will give workers an opportunity to receive a higher rate of return than the current Social Security System can provide.

- **Voluntary Personal Accounts Should Include The Risk Free Option Of Investing In Treasury Bonds.** Voluntary personal accounts should include an investment option that allows workers to invest in U.S. Treasury bonds, which have no risk. Workers who have reservations about investing in the markets will still be able to rely on a Social Security check that is equal to or higher than today's retirees.

The President Will Continue To Work With Congress To Find A Solution To Social Security That Is Sensible, Permanent And Fair. Social Security is too important to pass this problem on to the next generation. The President has committed to work with both the House and Senate in a bipartisan way as they take the next steps in the legislative process.